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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

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July 19, 2001

By Hand Delivery

Magalie R. Salas, Esq.
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: CC Docket No. 00-251
In the Matter of Petition of AT&T
Communications of Virginia, Inc.,
TCG Virginia, Inc., ACC National Telecom
Corp., MediaOne of Virginia and MediaOne
Telecommunications of Virginia, Inc. for
Arbitration of an Interconnection Agreement
With Verizon Virginia, Inc. Pursuant to Section
252(e)(5) of the Telecommunications Act of 1996

Dear Ms. Salas,

The FCC has requested that the parties work together to restate more specifically the issues which were the subject of Verizon's Motion to Dismiss.¹ In an effort to reach agreed-upon language, AT&T, WorldCom and Cox provided to all parties, including Verizon, each parties' proposed restatement of the affected issues on Monday, July 16, 2001. Verizon did not provide a response to AT&T's restated issues until almost 8 p.m. last night. All parties joined together on a conference call this morning to determine whether agreement could be reached at this late date. Unfortunately, it cannot. The parties agreed that they would each file a letter with the Commission indicating the individual parties' restatements of the issues. In an effort to assist the Commission, the parties further agreed that they would put these issues together in a JDPL format by next week.

¹ With regard to any issues which were addressed in Verizon's Motion to Dismiss, but not restated here, AT&T proposes that the issue remain as originally stated.

AT&T has more specifically stated the issues raised in Verizon's Motion to Dismiss as follows:

1. *Intercarrier Compensation for ISP-Bound Traffic*

AT&T initially phrased Issue I.5, ISP Reciprocal Compensation, as follows "Should AT&T receive reciprocal compensation for terminating traffic from Verizon end users to AT&T customers who are internet service providers ("ISPs")?" In light of the FCC's ISP Remand Order, AT&T now proposes the following:

- I.5 What are the appropriate terms and conditions to comprehensively implement the Commission's ISP Remand Order?
 - I.5.a. How should Verizon and AT&T calculate whether traffic exceeds a 3:1 ratio of terminating to originating traffic?
 - I.5.b. How should Verizon and AT&T implement the rate caps for ISP-bound traffic?
 - I.5.c. How should Verizon and AT&T calculate the growth cap on the total number of compensable ISP-bound traffic minutes?
 - I.5.d. How should the parties implement a Verizon offer to exchange all traffic subject to section 251(b)(5) at the rate mandated by the FCC for terminating ISP-bound traffic?
 - I.5.e. What mechanisms should the parties utilize to implement, in an expeditious fashion, changes resulting from any successful legal appeals of the Commission's ISP Remand Order?

2. *Combinations*

AT&T initially phrased Issue III.6, Currently Combined, as "What types of UNE combinations must Verizon provide to AT&T and under what rates, terms and conditions must it provide them?" AT&T proposes that this issue be revised as follows:

- III.6 Under the FCC's Rules as currently in effect, must Verizon provide to AT&T new combinations of UNEs that Verizon ordinarily combines for itself, and under what rates terms and conditions must it provide them?

3. *Conversion of Services to UNEs*

AT&T initially phrased Issue III.7, Service Conversion to UNEs, as "Does Verizon have the right to place use restrictions on UNEs or UNE Combinations that deny

AT&T the ability convert existing services (such as special access) to UNEs or UNE Combinations, to use UNEs and UNE Combinations to provide any service that is technically feasible, or to limit AT&T's ability to connect a UNE or UNE Combination to other services, such as the retail and wholesale offerings of Verizon?" AT&T proposes that this issue be revised as follows:

- III.7 Does Verizon have the right to impose operational requirements, in addition to the interim use restrictions on the conversion of special access to UNE combinations prescribed by the Commission, that further limit AT&T's ability to connect a UNE or UNE combination to other services, such as the retail and wholesale offerings of Verizon?

Subissues III.7.A, B and C would remain unchanged.²

4. *Switching*

AT&T originally phrased Issue III.9, Local Switching, as "In what circumstances can Verizon assert the "end user with four or more lines" exception to deny providing AT&T the local switching unbundled network element?" AT&T now proposes the following, revised language:

- III.9 Under the FCC's Rules as currently in effect, must Verizon provide to AT&T unbundled local switching UNEs in all instances except where AT&T individually provides four or more access lines to an individual customer at a specific single customer premises (served from density zone 1 offices, as of 1/1/99, in the top 50 MSAs as identified in the FCC's *UNE Remand Order*)?

5. *Line Sharing and Line Splitting*

AT&T originally stated its position regarding Issue III.10 as "How and under what conditions must Verizon implement Line Splitting and Line Sharing?" The intention was that this issue would include *all* related issues and subissues necessary or prudent for AT&T to receive line splitting and line sharing from Verizon. An outline of such terms and conditions was described in AT&T's Position. AT&T Petition at 155. Contract language to implement terms and conditions for these services is provided at §§ 11.2.17 and 11.2.18, Schedule B, "AT&T Proposed Interconnection Agreement."

² Sub-Issue III.7.A. Where AT&T requests that existing services be replaced by UNEs and/or UNE Combinations, may Verizon physically disconnect, separate, alter or change in any other fashion the equipment or facilities that are used, without AT&T's consent?

Sub-Issue III.7.B. Must Verizon implement an ordering process that enables AT&T to place a bulk order for the conversion of services to UNEs or UNE Combinations?

Sub-Issue III.7.C. Should AT&T be bound by termination liability provisions in Verizon's contracts or tariffs if it converts a service purchased pursuant to such contract or tariff to UNEs or UNE Combinations?

Following is a restatement of the line-sharing and line-splitting issues:

- III.10.A. Must Verizon implement both line sharing and line splitting in a nondiscriminatory and commercially reasonable manner that allows AT&T to provide services in the high frequency spectrum of an existing line on which Verizon provides voice service (line sharing) or on a loop facility provided to AT&T as a UNE-loop or as part of a UNE-P combination (line splitting)?
- III.10.B. Must Verizon implement line splitting in a nondiscriminatory and commercially reasonable manner that enables AT&T to use all of the features, functions and capabilities of a loop so that AT&T (or AT&T and its authorized agent) can provide services in both the low frequency spectrum and high frequency spectrum ("HFS") of a customer's existing loop facility that AT&T leases from Verizon?
- III.10.B.1. Must all aspects of the operational support delivered to AT&T in support of line sharing and line splitting arrangements with Verizon be at no less than parity as compared to the support provided when Verizon engages in line sharing with its own retail operation, with an affiliated carrier, or with unaffiliated carriers in reasonably similar equipment configurations?
- III.10.B.2. Must Verizon immediately provide AT&T with the procedures it proposes to implement line splitting on a manual basis?
- III.10.B.3. Must Verizon implement electronic OSS that are uniform with regards to carrier interface requirements and implement line splitting contemporaneously with its implementation of such capabilities in New York, but in no event later than January 2002?
- III.10.B.4. Must Verizon provide automated access to all loop qualification data to AT&T simultaneously with providing automated access to itself or any other carrier, including non-discriminatory treatment with regard to planning and implementation activities preceding delivery of the automated access?
- III.10.B.5. May Verizon require AT&T to pre-qualify a loop for xDSL functionality?
- III.10.B.5.a. If AT&T elects not to pre-qualify a loop and the loop is not currently being used to provide services in the HFS, but was previously used to provide a service in the HFS, should Verizon be liable if the loop fails to meet the operating parameter of a qualified loop?

- III.10.B.6. May AT&T, or its authorized agent, at its option provide the splitter functionality in virtual, common (*a.k.a.* shared cageless) or traditional caged physical collocation?
- III.10.B.7. If Verizon declines to do so voluntarily, must Verizon, at AT&T's request, deploy a splitter on a line-at-a-time basis as an additional functionality of the loop within 45 days of the Commission's order in a proceeding of general application?
- III.10.B.8. Must Verizon perform cross-connection wiring at the direction of AT&T (or its authorized agent), including CLEC-to-CLEC cross-connections, regardless of who deploys a splitter or where it is deployed in a line sharing or line splitting arrangement?
- III.10.B.9. Must Verizon implement line sharing/splitting in a manner consistent with that ordered in New York?
- III.10.B.10. Must Verizon allow AT&T to collocate packet switches in collocation space?
- III.10.B.11. Must Verizon must support the loop-local switch port-shared transport combination in a manner that is indistinguishable from the operational support Verizon delivers to the retail local voice services Verizon provides in a line sharing configuration, including cases where Verizon shares a line with Verizon Advanced Data, Inc., or another Verizon affiliate, or any unaffiliated carriers. if a loop facility in a line splitting configuration is connected to Verizon's unbundled local switching functionality?
- III.10.B.12. Is a period of thirty (30) business days adequate for Verizon to provide augmentations to existing collocations to enable AT&T to engage in line sharing or line splitting?
- III.10.B.13. In circumstances where it is technically feasible to convert an existing line sharing arrangement to a line splitting arrangement without physical disruption of then-existing service to the end user, must Verizon institute records-only changes to record the necessary transfer of responsibilities, without making any changes to the physical facilities used to service the customer, unless AT&T requests otherwise?
- III.10.B.14. In circumstances where the establishment of a line sharing or line splitting configuration requires physical re-termination of wiring, must Verizon shall make such changes in a manner that assures that no less than parity is achieved for AT&T and its customers with respect to out-of-service intervals and all other operational support, as compared to line

sharing or line splitting configurations that have equivalent splitter deployment options?

- III.10.B.15. May Verizon require any form of collocation by AT&T as a prerequisite to gaining access to the low frequency spectrum of a loop, the high frequency spectrum of the loop, or both, unless such collocation is required to place equipment employed by AT&T (or its authorized agent) to provide service?³

6. Collocation of Advanced Services Equipment

On July 11, 2001, the FCC issued a press release which indicates that the FCC will generally allow collocation of switching and routing equipment, including advanced services equipment. FCC Press Release, *FCC Approves Rules Designed to Give New Entrants Access to Incumbent Local Phone Companies' Networks*, Docket No.: CC 98-147, Issued July 12, 2001. The Order will be forthcoming. AT&T reserves the right to revisit this issue, if necessary, once the FCC's Order is released.

7. Performance Metrics and Remedies.

AT&T originally phrased **Issue III.14, Performance Reports and Benchmarks**, as "What are the appropriate performance metrics and standards and financial remedies that should apply to Verizon's delivery of services under the Agreement, in the event that Verizon fails to meet the performance metrics adopted for Virginia?" AT&T now proposes the following:

- III.14 In the event that the Virginia State Corporation Commission does not adopt and have in effect performance metrics and standards for Verizon's wholesale services by the date hearings start in this Arbitration, what are the appropriate performance metrics and standards that should apply to Verizon's delivery of services under the Agreement?

- III.14.A In the event that, by the date hearings start in this Arbitration: (1) the Virginia State Corporation Commission does not adopt and have in effect financial remedies for Verizon's wholesale services if Verizon fails to meet the performance metrics and standards adopted for Virginia; or (2) The remedies plan adopted by the Virginia State Corporation Commission does not adopt AT&T's Performance Incentive Plan, or at a minimum comport with the remedies regime that the FCC relied on in granting

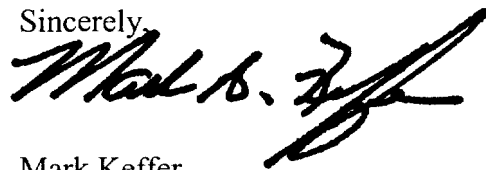
³ AT&T reserves the right to further revise these issues, as needed, after the FCC releases its forthcoming Order addressing the collocation of switching and routing equipment. See FCC Press Release, *FCC Approves Rules Designed to Give New Entrants Access to Incumbent Local Phone Companies' Networks*, CC 98-147 (issued July 12, 2001).

Verizon 271 authority in New York and Massachusetts, what are the appropriate financial remedies that should apply?

The metrics/standards and remedies portions in Issue III.14 are separated into new Issues III.14 and III.14.A. While AT&T is willing to accept the Virginia Commission's decision on metrics/standards whatever the outcome, AT&T does not accede to any resolution of the remedies issue that does not accept AT&T's Performance Incentive Plan ("PIP"), or at a minimum, comport with the remedies regime that the FCC relied upon in granting Verizon Section 271 authority in New York and Massachusetts. If the Virginia Commission's resolution of the remedies issues falls short, AT&T asks that the Arbitrator hear testimony and argument for additional remedies in the interconnection agreement. The bifurcation of the issues facilitates hearing on either metrics/standards or financial remedies, or both, depending on what the Virginia Commission decides, and when.

AT&T proposes to give the Virginia Commission the maximum time available to decide metrics/standards and remedies, which is the time the Arbitration hearings start. In the meantime, AT&T proposes that the parties not file testimony on Issues III.14 and III.14.A. If the Virginia Commission does not act on or before the first day of the Arbitration hearings on either the metrics/standards or the remedies, or if the remedies plan does not adopt AT&T's PIP, or does not comport, at a minimum, to the remedies regime relied upon by the FCC in the New York and Massachusetts 271 cases, then the Arbitrator should allow filing of direct and rebuttal testimony on an expedited basis, and schedule the hearing on metrics/standards and/or remedies consistent with that schedule. Alternatively, the Arbitrator could establish an earlier date by which the Virginia Commission must act, or provide for a separate, later hearing and briefing schedule on these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark B. Keffer", with a stylized flourish at the end.

Mark Keffer

cc: Service List